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CURRENT CIRCULARS

CANNED FRUIT
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MEXICAN PINEAPPLE INDUSTRY*

Pineapples have been grown in Mexico since pre-Spanish times. Although the fruit is grown in 17 of the 28 Mexican states, production is largely concentrated in the area of Loma Bonita, Oaxaca and Isla, Veracruz because of favorable climatic, transportation, and other development factors.

The commercial industry began in 1907 with the opening of a through railroad between Guatemala and Veracruz. Loma Bonita was one of the main stations on this railroad. Pineapple shoots of the Cayenne variety were introduced in the Loma Bonita area and it has since been the prevailing variety for both the fresh and processed markets. Other varieties such as Red Spanish and Esmeralda are grown to a limited extent.

Between 1914 and 1940, no appreciable gains were made in the pineapple industry because of civil strife and the Mexican Revolution. In 1940, the area of Isla (30 miles south of Loma Bonita) began planting pineapples. Today, the area between Loma Bonita and Isla, which straddles the border between the states of Oaxaca and Veracruz, produces over 80 percent of Mexico's pineapple crop.

*Condensed from reports received from Robert S. FitzSimmonds, Office of Agricultural Attache, Mexico.

Pineapple Canning Industry

As a result, this area is also the center of the pineapple canning industry. This particular segment achieved significance first during the second World War when Hawaii, the traditional supplier to mainland United States, was severely affected adversely by the lack of ocean transportation. The temporary shortage of pineapple on U.S. markets attracted Mexican canning interests and this commodity became a significant foreign exchange earner for Mexico. Following the War, with ocean transportation once more normal, Hawaii resumed its position in the U.S. market and Mexican exports dropped sharply.

However, Mexican production rose in a slight upward trend until 1962. At that time, a large American processing firm established a subsidiary Mexican corporation and purchased two plants, now processing pineapples in Loma Bonita (State of Oaxaca) and Los Robles (State of Veracruz).

As a result, both production and exports of canned pineapple rose sharply. The 1965 canned pineapple pack was 1,209,900 cases compared to 908,700 in 1962, while exports were 840,800 and 677,100 cases, respectively. Shipments of canned pineapple juice rose even more rapidly from 8,124 cases in 1962 to 34,074 in 1965. The 1966 canned pineapple pack is estimated at 1,315,000 cases.

At present, there are four plants devoted to pineapple canning in Mexico. Two are located in Loma Bonita, another in Los Robles, and a fourth in Isla. Two secondary plants are located in Irapuato and Puebla. Compared to the four principal canneries in the production area, the latter plants have higher raw product costs because of trucking fees and the lack of contractual arrangements with farmers; as a result, these two are forced to compete with fresh market users. Within the production area, wage rates do not show a significant difference as there are legally established minimum wages. For laborers in the country the rate is \$1.20 per day; and for cannery plant workers \$1.52 depending on the type of work.

Representative production costs for the entire Mexican pineapple pack would be difficult to obtain; however, the following table shows production costs on enterprises which accounted for half of the national production. As indicated by the following tabulation, cultivation, i.e., weeding, is the highest single cost item; this is followed by freight and fertilizer costs.

MEXICAN PINEAPPLE: Cash expenditures

Operation	Labor and materials	Cost
		<u>U.S.\$/acre</u>
REMOVING OLD PLANTS & WEEDS	- 6 laborers-(includes wage of tractor operator) plus fuel	4.53
DISCING AND HARROWING	- Includes wage of tractor operator plus fuel	3.24
RAKING	- " " " " " "	1.94
CUTTING SLIPS	- 38 laborers including one foreman	18.78
SELECTING SLIPS	- 11 laborers including one foreman	5.67
TRANSPORT OF SLIPS	- 4 workers and chauffeur, plus fuel	2.80
PLANTING	- 15 workers, including one foreman	14.86
FERTILIZER:		
Application	- 10 workers, one foreman-(2 applications)	6.80
Materials	- 2,734 lbs.-(2 applications)	35.57
CULTIVATION (Weeding)	- 11 workers, including one foreman-(includes wage of tractor operator) plus fuel (15 cultivations)	54.88
FERTILIZER SIDE DRESSING:		
Application	- 20 laborers	9.71
Materials	- 19 lbs. of carbide	2.12
CHECKING OF BLOOMING	- 2 laborers	0.97
INSECTICIDES:		
Application	- 6 laborers-(2 applications)	5.83
Materials	- 110 lbs.-(2 applications)	3.58
RODENTICIDES:		
Application	- 1 laborer	0.16
Poison	- 4 lbs. poisoned bait	0.60
CUTTING GRASS, TRANSPORT AND COVERING INDIVIDUAL FRUITS	- 14 laborers, including chauffeur, plus fuel and twine	8.74
TOPPING	- 3 laborers	1.46
HARVESTING	- 32 laborers, including one foreman	16.03
TRANSPORTATION TO PACKING PLANT	- 5 laborers, including chauffeur	3.24
FREIGHT	- 27 tons per acre-(1.60 ps/ton)	43.20
STAFF TRAVEL	- Chauffeur and fuel	3.24
TAXES	- 5 laborers, chauffeur plus diesel	13.60
TOTAL		261.55

Canned pineapple is packed in a sugar-based syrup with an average sugar content of 17.3 percent. Cannerys must buy sugar on the basis of zoned prices established by the sugar association. These are:

Zone 1	\$0.052 per lb.
Zone 2	\$0.053 per lb.
Zone 3	\$0.054 per lb.

Loma Bonita, Oaxaca, and the State of Veracruz are in Zone 2. In Oaxaca state, taxes on sugar plus the freight cost to deliver the sugar to the canning plant amount to \$0.002 per lb., bringing the sugar cost in that state to \$0.055 per lb.

The canning industry has been taking an increasing share of total pineapple production. In 1959, the amount used for processing was 55,900 short tons, or 27 percent of the crop. By 1966, the amount had risen to 79,000 tons, or more than 35 percent of the crop. In terms of cases (24/2½ basis), this represents an increase from 532,200 to 1,315,000.

Consumption and Exports

Mexican exports of canned pineapple go predominately to the United States. Since 1960 this market has accounted for approximately 60 percent of Mexican shipments. Canada has been a traditionally important market, while exports to West Germany and Spain have recently strengthened.

Concerning pineapple juice exports, Canada is the leading foreign market. Shipments to the United States are generally bonded for Canadian destinations. Supplies from other sources coupled with the U.S. duty on Mexican pineapple juice have made it very difficult for Mexico to compete on the U.S. market.

Exports of fresh pineapple have not changed significantly during the last 10 years, with most shipments going to the United States.

Domestic consumption of fresh pineapple has remained relatively stable for a number of years, but that of canned pineapple has recently trended upward, while consumption of pineapple juice is virtually nonexistent.

According to the following figures furnished by Mexican sources, and the formula which the same sources used to develop a "calculated export price," some Mexican canned pineapple was being quoted for export at a loss in 1965. This assumption involves a comparison between "average export sales prices" (actual) and "calculated export prices" (developed from the formula). This calculated export price is determined by adding the export cost (21.3 percent of the actual export price) to the f.o.b. factory price. Export costs as reported include commissions (5 percent), export taxes (5.5 percent), freight (9 percent), and warehousing (1.8 percent). The following table shows

available supplies for 1965 by type of pack, but no breakdown by percentage of each type of pack that moved into export channels.

MEXICAN CANNED PINEAPPLE: Average prices, 1965

Available supplies	Type of pack	Can size	Cost, f.o.b. factory	Average export sales price per case	Export costs (21.3% of export sales price)	Calculated export price
Cases			U.S.\$	U.S.\$	U.S.\$	U.S.\$
260,821	Sliced	24/2½	5.10	6.25	1.33	6.43
157,365	Sliced	24/2	3.54	4.55	.97	4.51
5,298	Broken slices	24/2	3.81	5.00	1.06	4.87
73,105	Broken slices	6/10	4.16	6.20	1.32	5.48
62,441	Tidbits	24/2	3.87	5.15	1.10	4.97
4,418	" w/o sugar	6/10	3.67	6.20	1.32	4.99
19,395	" w/ sugar	6/10	4.30	6.20	1.32	5.62
39,328	Crushed	24/2	4.54	3.85	.82	5.36
73,482	Crushed 1/	6/10	3.84	4.40	.94	4.78
113,915	Juice	24/2	2.25	2.23	.48	2.73
59,526	Juice	6/10	1.92	2.65	.56	2.48
10,495	Crushed w/sugar 1/	6/10	4.78	5.10	1.09	5.87
15,344	No. 2 Crushed	6/10	3.98	4.40	.94	4.92
173,798	Juice	24/1½	1.61	2.72	.58	2.19
18,102	Sliced, broken	6/10	4.24	5.60	1.19	5.43
311,095	Crushed	24/300	3.30	3.55	.76	4.06
594	Juice	24/2½	3.26	2.80	.60	3.86
103,987	No. 2 Crushed	6/10	3.80	4.40	.94	4.74
3,235	Broken slices	24/2½	5.72	6.00	1.28	7.00
5,598	Chunks	6/10	4.35	5.80	1.24	5.59
74,540	Juice	48/6-Z	1.93	3.20	.68	2.61
1,011	Sliced	48/1-F	4.60	6.00	1.28	5.88
Total 1,586,893						

1/ Poor quality, noncommercial, normally goes to vinegar.

The future of the Mexican pineapple industry depends to a large extent on demand trends within the United States. If, as expected, it continues to grow, production will probably increase as Mexican producers and canners improve their techniques.

MEXICAN PINEAPPLE: Production, amount used
for processing, and canned pack

Year	Total production	Amount processed	Cannery yield	Canned pack
	Short tons	Short tons	Cases (24/2½) per ton	Cases (24/2½)
1957	196,800	---	---	533,100
1958	200,800	---	---	860,600
1959	210,100	55,900	9.52	532,200
1960	199,000	55,600	14.96	831,700
1961	195,500	56,900	16.64	947,000
1962	196,100	54,400	16.70	908,700
1963	213,100	63,700	16.70	1,063,600
1964	218,000	71,500	16.69	1,193,200
1965	221,000	78,300	15.45	1,209,900
1966 <u>1</u> /	224,900	79,000	16.65	1,315,000

1/ Preliminary.

MEXICO: Exports of fresh pineapple, 1956-65, by destination

Country of destination	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons	Short tons
United States	22,224	20,731	20,996	15,867	17,886	21,551	27,910	34,741	22,605	20,998
Belgium	---	---	---	---	---	---	---	---	---	260
Canada	---	30	---	---	---	---	---	12	14	---
El Salvador	---	---	---	---	---	---	---	---	45	---
Germany, West	---	---	---	---	---	109	---	---	---	135
Honduras	---	---	---	---	---	---	---	12	---	---
Martinique	---	---	---	---	---	---	---	243	---	---
Netherlands	---	---	---	---	---	---	---	---	---	1
Paraguay	---	---	---	---	---	---	8	---	---	---
Spain	---	279	---	---	---	---	---	---	---	---
Total	22,224	21,040	20,996	15,867	17,886	21,660	27,918	35,008	22,664	21,394

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MEXICO: Exports of canned pineapple in syrup or its own juice,
1956-65, by destination

Country of destination	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
	1,000 Cases (24/2½)	1,000 Cases (24/2½)	1,000 Cases (24/2½)	1,000 Cases (24/2½)	1,000 Cases (24/2½)	1,000 Cases (24/2½)	1,000 Cases (24/2½)	1,000 Cases (24/2½)	1,000 Cases (24/2½)	1,000 Cases (24/2½)
United States	316.7	248.4	334.5	331.8	477.2	414.4	379.7	424.0	507.5	519.2
Argentina	---	(1/)	---	(1/)	---	---	0.8	---	16.0	10.9
Austria	---	(1/)	---	---	---	---	---	---	---	11.0
Belgium	26.8	1.4	24.4	0.8	1.7	1.3	1.2	0.8	0.6	1.3
Canada	206.0	163.9	205.5	105.4	101.2	98.8	77.8	73.7	103.8	83.7
Denmark	1.8	0.4	0.4	0.1	0.7	5.9	2.2	1.2	4.7	0.4
Finland	---	1.0	0.9	---	---	---	---	0.1	0.7	0.2
France	(1/)	1.8	---	0.1	0.7	0.2	---	---	---	---
Germany, West	5.9	13.1	143.2	(1/)	12.3	61.9	82.6	51.8	95.1	99.4
Italy	25.1	25.6	32.3	18.2	21.5	25.6	24.7	23.3	13.2	12.0
Netherlands	2.4	4.0	0.5	0.7	28.9	37.0	11.5	3.3	5.5	0.7
Norway	1.2	0.1	2.1	0.9	6.9	12.6	7.2	4.6	7.2	4.9
Spain	(1/)	(1/)	---	(1/)	0.2	29.8	69.6	112.4	120.8	90.2
Sweden	9.1	2.7	4.6	1.1	6.7	10.0	18.9	2.9	0.9	0.4
Switzerland	(1/)	---	(1/)	0.2	0.7	---	0.3	---	---	2.8
United Kingdom	---	---	---	---	---	2.6	0.4	---	1.0	3.5
USSR	---	---	---	3.3	---	---	---	0.1	---	---
Others	1.0	1.2	(1/)	0.2	3.3	0.1	0.2	3.5	2.5	0.2
Total	596.0	463.6	748.4	462.8	662.0	700.2	677.1	701.7	879.5	840.8

1/ Less than 50 cases.

(Case data converted from metric tons on basis of 55 pounds gross weight per case.)

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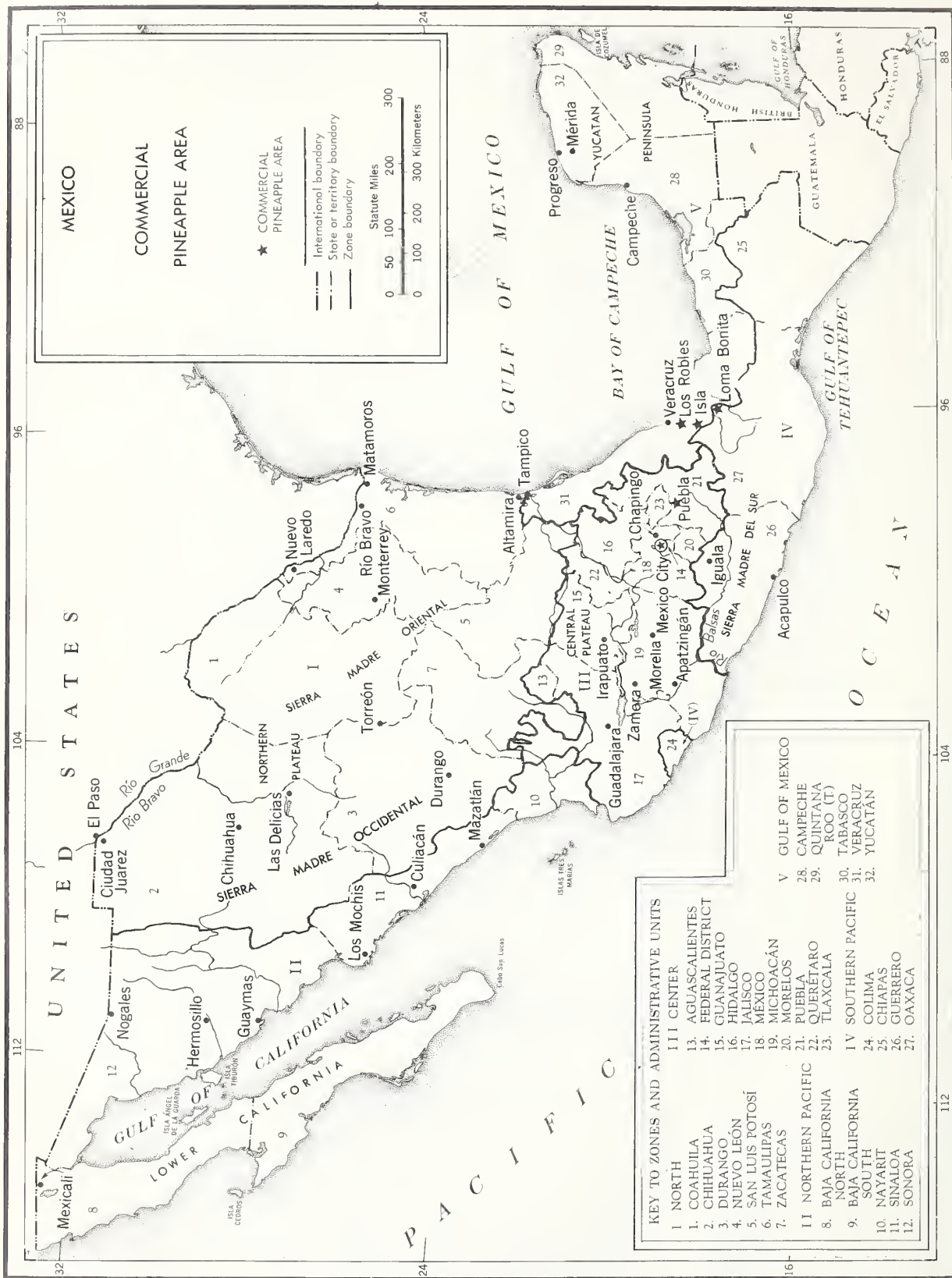
MEXICO: Exports of canned pineapple juice, 1958-65, by destination

Country of destination	1958	1959	1960	1961	1962	1963	1964	1965
	Cases (24/2)	Cases (24/2)	Cases (24/2)	Cases (24/2)	Cases (24/2)	Cases (24/2)	Cases (24/2)	Cases (24/2)
United States	1,851	3,340	13	1,539	2,351	22,019	59,603	28,676
Argentina	---	---	---	---	---	186	860	3,654
Canada	3,070	1,840	---	26	4,448	7,784	2,224	---
France	825	---	---	---	---	---	---	---
Germany, West	---	---	65	---	---	60	---	---
Italy	176	---	11	---	1	---	---	---
Netherlands	1	---	121	---	---	---	---	---
Peru	---	---	---	---	---	1	2	---
Spain	---	---	---	---	496	378	53	637
Sweden	---	---	---	899	---	---	---	---
Switzerland	---	---	---	---	824	602	---	280
Yugoslavia	---	---	---	---	---	---	1,061	---
Others	1	39	1	---	4	2	1	1/ 827
Total	5,924	5,219	211	2,464	8,124	31,032	63,804	34,074

1/ Includes 822 cases to Finland.

(Case data converted from metric tons on basis of 40 pounds gross weight per case.)

Direccion General de Estadistica.



UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C. 20250

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